

RENEWABLE DEVELOPMENT ACCOUNT GRANTS

This proposal creates a \$5 million per year grant program, from renewable development funds, to stimulate research and development of renewable electric energy technologies and encourage grid modernization. It will fund innovative renewable energy technologies that implement electricity storage, load control and smart meter technology; as well as other innovate energy projects that reduce demand and increase system efficiency and flexibility.

WHAT DOES THIS BILL DO?

The Commerce Department proposes developing a Department-administered \$5 million per year grant program to ensure program impact through stable and regularly cadenced funding opportunities for research and deployment firms with three-year grant cycles, averaging \$250,000 each. The program is fully aligned with the original intent of the Xcel Energy Renewable Development Account and as such ensures successful use of the RDA dollars to prepare the grid for a modernized, responsive future for renewable technologies, energy storage, and innovative controls to manage demands on the system in a cost-effective manner. This bill also allows up to \$10 million in fluctuating funding after each legislative session to ensure mandated funds are utilized effectively to benefit MN ratepayers.

WHY IS THIS BILL IMPORTANT?

According to current statute, funds in the account should be used for the purposes of research and development of renewable energy, encouraging grid modernization, and stimulating other innovative energy projects that reduce demand and increase system efficiency and flexibility. However, there is a significant outstanding and growing renewable development account balance and objectives as defined by the intent of the RDA fund and the statute remain unmet. This fund will help address this issue by moving a base of funding for an ongoing competitive process while recognizing the desire of the legislature to also direct much of the funds annually.

HOW WILL MINNESOTANS BE BETTER OFF IF WE PASS THIS BILL?

This proposal creates a process with clear criteria for approving projects to receive Renewable Development Account grants, selected by an advisory group made that will review and select the list of qualified projects that will in turn go to the Minnesota Public Utilities Commission for approval. Building on experience with other successful grant programs, Commerce would assume the management, technical advisement and administrative role for the grant program. In addition, this proposal establishes an ongoing fund that researchers and developers can count on for sustainable opportunities to develop innovative project ideas and provides flexibility to the legislature to increase the amount of funding in years in which additional projects are not identified through the legislative process.